

GOVERNMENT OF ANDHRA PRADESH  
ABSTRACT

MA&UD DEPT- Greater Hyderabad Municipal Corporation - Providing funds for taking up certain developmental works from Hyderabad Metro Rail Limited - Show-cause notice issued - Cancellation of Standing Committee Resolution Nos 284,285,289 to 293, Dated: 24.11.2011 and its reiterating Resolution No. 115, Dated: 12.09.2012 - Reg.

MUNICIPAL ADMINISTRATION & URBAN DEVELOPMENT (F2) DEPARTMENT

G.O.Rt.No. 1232

Dated:05.08.2013

Read the following:

1. From the Commissioner, Greater Hyderabad Municipal Corporation, Hyderabad, Letter No.ENC/GHMC/TA-III/K1/2012-27,Dated 13.02.2012.
2. From the Managing Director, Hyderabad Metro Rail Limited, Letter No. 014/GM (W)/HMR/2009-11/4859A, Dated 21.04.2012.
3. Govt.Memo No. 4834/F2/2012-2, Dated 24.7.2012.
4. From the Commissioner, Greater Hyderabad Municipal Corporation, Hyderabad, Letter No.96/EE/PD-III/GHMC/2012-3, Dated 26.2.2013.
5. From the Managing Director, Hyderabad Metro Rail Limited, Letter No. 014/GM(W)/HMR/20010-11/592, dated 30.04.2013.

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**ORDER:**

Whereas, the Commissioner, Greater Hyderabad Municipal Corporation, Hyderabad in the reference 1<sup>st</sup> cited has stated that the Hyderabad Metro Rail Limited has submitted the proposal for road widening on the Metro Rail Corridors and the Greater Hyderabad Municipal Corporation has proposed for laying of CC road in widening portions, formation of footpath and construction of Storm Water Drains in the locations as mentioned below:-

S. No.	Name of the proposal	Amount (Rs. in Lakhs)
(1)	(2)	(3)
(1)	Providing CC Road (by RMC) formation of footpath and construction of Storm Water Drain from Musheerabad junction to RTC X Roads under RDP (west side and east side)	700.00
(2)	Providing CC road (by RMC) formation of foot path and Construction of Storm Water Drain from RTC X roads to Narayanaguda Junction under RDP (west side and east side)	400.00
(3)	Laying of CC road on the widening portion from Hanuman Temple to MJ Market (RHS)	42.00
(4)	Laying of CC Road on the widening portion from Hanuman Temple to Putlibowli Junction (LHS)	47.00
(5)	Laying of CC road on the widened portion from splay at Putlibowli junction to Hanuman Temple (RHS)	44.00
(6)	Laying of CC Road on the widening splay portion at Putlibowli junction (RHS)	26.00
(7)	Laying of CC road on the widening portion from MJ Market to Hanuman temple (LHS)	49.99

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2. And whereas, the above proposals were recommended and placed before the Standing Committee, Greater Hyderabad Municipal Corporation for approval. The Standing Committee, Greater Hyderabad Municipal Corporation vide Resolution Nos. 284, 285, 289 to 293, dated 24.11.2011 unanimously resolved to drop the above (7) proposals in view of the financial crunch in Greater Hyderabad Municipal Corporation and requested the Hyderabad Metro Rail to pay the amount to Greater Hyderabad Municipal Corporation to execute these works. Further the Standing Committee has requested to move the matter with the Government seeking Greater Hyderabad Municipal Corporation share in the revenue to be realized by Hyderabad Metro Rail on advertisements and other commercial exploitations on the properties assigned to them and also requested to release adequate grants as compensation from Hyderabad Metro Rail in lieu of the road network being laid and maintained by Greater Hyderabad Municipal Corporation and to take appropriate decision in the matter and issue suitable instructions;

3. And whereas, in the reference 2<sup>nd</sup> cited, the Managing Director, Hyderabad Metro Rail Limited, has stated that the road widening as per the approved Master Plan in Greater Hyderabad Municipal Corporation jurisdiction is the responsibility of Greater Hyderabad Municipal Corporation. Formation of footpaths and provision of storm water drains are basic amenities and it is the prime responsibility of the civic body i.e., Greater Hyderabad Municipal Corporation to provide the same. The Hyderabad Metro Rail Project can be constructed on the existing road widths in most parts of the 3 Metro Rail corridors as the piers of the viaduct occupy only 2 meters and 8 meters area (normally a maximum of 3 to 4 meters on either side of the road median) is barricaded during the construction work. However, Hyderabad Metro Rail has come forward for bearing the cost of acquisition of the affected properties in road widening on the Metro Rail Corridors primarily to reduce traffic congestion during the construction period, as instructed by the Government. Though Government is finding it difficult to allocate the required funds to Hyderabad Metro Rail for discharging the Government's obligations under the Concession Agreement for acquisition of private lands, shifting of utilities etc., yet Government (through HMR) is bearing the full cost of Rehabilitation and Restructuring Package which includes payment of market rates and structural compensation to the owners of affected properties, construction of Commercial complexes and other buildings to accommodate the affected traders, etc. Thus, Government may not be able to bear any additional burden to pay for storm water drains, laying of CC Roads and formation of footpaths on the widened portion of the roads, which is the primary responsibility of the Municipal Corporation. Further, the request of the Standing Committee of Greater Hyderabad Municipal Corporation regarding providing Greater Hyderabad Municipal Corporation some "share in the revenue to be realized by Hyderabad Metro Rail on advertisements and other commercial exploitation of the properties" is concerned, it is stated that neither Hyderabad Metro Rail nor Government gets any share in the revenues from advertisements and other commercial exploitation of the properties. Government of Andhra Pradesh had to follow the guidelines of Viability Gap Funding (VGF) Scheme as per which no such revenue share is allowed. The Mass Transit Systems (Metro Rail) are generally loss making propositions in most parts of the world and are heavily subsidized (both capital costs and O&M costs) by the local bodies and the Governments provision of better transportation facilities and air quality in urban areas. Revenue from advertisements and other forms of commercial usage of

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lands in the Hyderabad Metro Rail Project is intended to cross subsidize the losses that are expected in passenger train operations. Further, no post-bid and post-agreement conditions can be imposed on the Concessionaire at this stage;

4. And whereas, Government consider that the proposal for laying of CC road in widening portions, formation of footpath and construction of Storm Water Drains mentioned at para (1) supra, for Hyderabad Metro Rail Limited is absolutely essential. Hence, it is decided to take up the said works with the funds of Greater Hyderabad Municipal Corporation;

5. And whereas, Government after careful examination of the matter have provisionally decided to cancel the Standing Committee Resolution, Nos.284, 285, 289 to 293, dated 24.11.2011 of the Greater Hyderabad Municipal Corporation in exercise of the powers conferred under section 679-A of the Greater Hyderabad Municipal Corporation Act, 1955;

6. And whereas, accordingly, notice has been given to the Greater Hyderabad Municipal Corporation, to explain as to why its Council Resolution Nos.284, 285, 289 to 293, dated 24.11.2011 should not be cancelled within 15 days from the date of receipt of this notice vide Govt.Memo No. 4834/F2/2012-2, dated 24.7.2012;

7. And whereas, In the reference 4<sup>th</sup> cited, the Commissioner, Greater Hyderabad Municipal Corporation, Hyderabad stated that the Standing Committee, vide its resolution No. 115 dated: 12.09.2012 reiterated its decision not to take up the aforementioned seven proposals with Greater Hyderabad Municipal Corporation's own funds but the Greater Hyderabad Municipal Corporation would have no objection to take up these works if the funds are provided by the Government or HMR limited;

8. And whereas, the standing committee also renewed its request seeking Greater Hyderabad Municipal Corporation, share in the revenue to be realized by HMR on advertisement and other commercial exploitation on the properties assigned to them. The standing committee also requested the government to release adequate grants as compensation form HMR in lieu of the road network being laid and maintained by Greater Hyderabad Municipal Corporation and also requested to review its provisional decision to cancel the committee's resolution Nos.284, 285, 289 to 293, dated: 24.11.2011 and drop all further proceedings in this regard and consider the demands by the Committee;

9. And whereas, in this regard, the Managing Director, Hyderabad Metro Rail Limited has furnished his remarks and stated that widening of these roads was identified in the approved Master Plan of erstwhile Municipal Corporation of Hyderabad vide GOMs.No.363, dated: 2.8.2010 and Greater Hyderabad Municipal Corporation being enforcement agency, irrespective of the Metro Rail Corridor, these roads are to be widened by Greater Hyderabad Municipal Corporation as per the approved road width of Master Plan. In view of the execution of the Metro viaduct construction in these stretches and to ease traffic movement Government have decided to bear the full cost of payment of market rate of the land value and structural compensation of the affected properties which otherwise would have been borne by Greater Hyderabad Municipal Corporation . Thus, Greater Hyderabad Municipal Corporation is a huge gainer in this process. Even though the Government is finding it difficult to allocate the required funds to HMR for discharging Government's obligation under the Concession Agreement, Government have earmarked Rs.350 crore exclusively towards land and structural compensation for the affected properties from out of the total additional expenditure of Rs.1980 crore to be spent for the facilitation works of the Hyderabad Metro Rail Project.

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10. And whereas, the request of Standing Committee for bearing the cost of developmental works is not justified while Government is incurring huge expenditure in the way of compensation for acquisition of properties. As informed earlier, it is the prime responsibility of civic body to provide the widened roads and adequate footpaths to the citizens in the dense corridors of the city;

11. And whereas, regarding sharing the advertisement revenues realized in Hyderabad Metro Rail Project, the Managing Director has once again reiterated that neither Hyderabad Metro Rail nor Government gets any share in the revenues from advertisements and other commercial exploitation of the properties. Government of Andhra Pradesh had to follow the guidelines of Viability Gap Funding (VGF) scheme in which no such revenue share is allowed. However Greater Hyderabad Municipal Corporation stands to gain the building permit fee for 18.5 million Sft of development to be taken up over and above the rail facilities by the Concessionaire.

12. And whereas, it is bring on to the record that Greater Hyderabad Municipal Corporation is not laying any additional net work of roads for the Metro Rail project from its own funds. Wherever such alternate and parallel roads are to be developed, HMR is bearing the cost of such works. Hence, there is no justification in seeking grants from Government s compensation in lieu of the road net work being laid and maintained by Greater Hyderabad Municipal Corporation as there is no exclusive road net work for Metro Rail project provided by Greater Hyderabad Municipal Corporation;

13. And whereas, the stand of Greater Hyderabad Municipal Corporation Standing Committee that the status of the Greater Hyderabad Municipal Corporation is of an out side third party with respect to the Concession Agreement entered into by Government of Andhra Pradesh with L&T Metro Rail (Hyderabad) Limited (LTMRHL) and ignoring the primary responsibility to adhere to the guidelines given by Government Of India on VGF for **public-private partnership (PPP)** project and showing no concern to the obligations/ commitments of Government of Andhra Pradesh in its endeavour to provide world class public transportation system to Hyderabad city under **public-private partnership (PPP)** mode is rather unfortunate. In fact, world over, many municipal bodies take up Metro Rail projects mainly with their funds and bear the burden of their losses as well as for maintaining better air quality and livability of urban areas. Out of the 200 Metro rail systems in the world only 4 are making profits and the other systems are highly subsidized. Greater Hyderabad Municipal Corporation shall be happy that no such burden is cost on it and the State Government is bearing the financial burden of Rs.1980 crore and the Central Govt., is providing a grant of Rs.1458 crore. 90% of the Project cost is borne by the private party, which is unique in the world.

14. And whereas, the present Concession Agreement for Hyderabad Metro Rail was meticulously and carefully drafted under the guidance of Planning Commission, Ministry of Urban Department and Ministry of Finance of Government of India and approved by Government of India. Hence, no post-bid and post-agreement conditions can be imposed on the Concessionaire;

15. And whereas, the Standing Committee, Greater Hyderabad Municipal Corporation has to appreciate the spirit behind the unique initiative of Government of Andhra Pradesh for providing Hyderabad Metro Rail project in **public-private partnership (PPP)** mode to effectively utilize state assets for the benefit of the denizens of Hyderabad;

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16. And whereas, in an increasingly competitive global environment, Governments around the world are focusing on new ways to finance projects, build infrastructure and deliver services. Public Private Partnerships (PPPs) are becoming a common tool to bring together the strengths of both sectors. When this Herculean task is successfully implemented, as the Hyderabad Metro Rail project will transform Hyderabad as an eco-friendly city and will enable it to be a globally competitive city and requested the Govt. to kindly consider overruling the resolution No: 115 Dated: 12.09.2012 passed by Standing Committee, Greater Hyderabad Municipal Corporation.

17. Now, therefore the Government keeping in view the above facts and after careful examination of the matter, in exercise of the powers conferred under Clause (i) of sub-section (i) of section 679-A of the Greater Hyderabad Municipal Corporation Act, 1955 hereby cancel the Resolution Nos.284, 285, 289 to 293, dated 24.11.2011 and its reiterating Resolution No.115, Dated: 12.09.2012.

18. The Commissioner, Greater Hyderabad Municipal Corporation, is requested to take further necessary action in the matter.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

ADHAR SINHA  
PRINICIPAL SECRETARY TO GOVERNMENT

To

The Commissioner, Greater Hyderabad Municipal Corporation, Hyderabad.

The Managing Director, Hyderabad Metro Rail Limited, Hyderabad.

Copy to:-

The Ps to M (MA&UD)

The Ps to Principal Secretary (MA)

The MA &UD (H) Section.

The Law (A) Department

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//FORWARDED BY ORDER //

SECTION OFFICER